

Message Text

LIMITED OFFICIAL USE

PAGE 01 HELSIN 00853 030859 Z

15

ACTION EUR-25

INFO OCT-01 ADP-00 IO-12 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01

SAJ-01 NIC-01 RSR-01 GAC-01 SCI-06 NSF-04 SIL-01 /192 W
----- 090860

R 021435 Z APR 73

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 5883

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE HELSINKI 0853

E. O. 11652: N/ A

TAGS: ECON EEC FI

SUBJECT: FINNISH SIGNING OF EC AGREEMENT ANTICIPATED
IN EARLY SUMMER.

REF: (A) HELSINKI 289; AND (B) HELSINKI 699

1. BEGIN SUMMARY. ALTHOUGH THERE IS NO GOVERNMENT DECISION
RECENT DEVELOPMENTS POINT TO LIKELIHOOD SIGNING OF EC AGREEMENT
WILL OCCUR IN EARLY SUMMER FOLLOWING ANTICIPATED SIGNING OF
AGREEMENT FOR COOPERATION IN ECONOMIC AND SCIENTIFIC- TECHNICAL
MATTERS WITH COUNTRIES OF COMECON. WITH NUMBER OF UNRELATED
BUT IMPORTANT PROBLEMS AFFECTING WAGE NEGOTIATIONS AND USUAL
PARTY POLITICKING, IT IS POSSIBLE THAT SIGNING OF EC AGREE-
MENT COULD AGAIN BE BOGGED DOWN BUT CURRENT THINKING AMONG
KNOWLEDGEABLE SOURCES IS THAT THE WAY IS NOW CLEAR TO
MAKE A FAVORABLE DECISION. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HELSIN 00853 030859 Z

2. IN AN INTERVIEW GRANTED TO HUFVUDSTADTBLADET, FOREIGN MINISTER AHTI KARJALAINEN RECENTLY SAID THAT EFFORTS FOR A SOLUTION OF INTEGRATION QUESTION WITHIN THE FINNISH MODEL WAS GOING ON CONTINUOUSLY WITHIN THE GOVERNMENT AND THAT HE HOPED A SOLUTION SUITABLE FOR FINLAND' S ECONOMY WOULD BE FOUND WITHIN NEXT FEW WEEKS OR MONTHS. HE SAID " WHAT WE WISH TO INCLUDE IN THIS MODEL IS THAT FINLAND WANTS TO SECURE HER ECONOMIC GROWTH POSSIBILITIES WITH EEC COUNTRIES AS WELL AS WITH SOCIALIST COUNTRIES; THAT THIS REQUIRES NEGOTIATIONS WITH SOCIALIST COUNTRIES CONCERNING POSSIBILITIES OF ABOLISHING TARIFF BARRIERS AND IMPORT RESTRICTIONS AND ON CORRESPONDING ALLEVIATIONS FOR FINLAND' S EXPORTS TO THESE COUNTRIES; AND THAT THE FACT THAT FINLAND IS SIMULTANEOUSLY SEARCHING FOR A SOLUTION WITH THE EAST AND WITH THE WEST WAS AN INDICATION OF HER NEUTRALITY."

3. KARJALAINEN' S STATEMENT ON NEGOTIATING TARIFF AGREEMENTS WITH INDIVIDUAL SOCIALIST COUNTRIES (COMECON OR, IN SOVIET ACRONYM, SEV) HAS RAISED COMMENTS IN THE PRESS. AN UUSI SUOMI WRITER HAS REMINDED ITS READERS THAT NEGOTIATING TARIFF AGREEMENTS WITH SOCIALIST COUNTRIES IS NOT ONLY DIFFICULT BUT THE IDEA RAISES QUESTIONS AS TO SIGNIFICANCE OF TARIFFS IN TRADE WITH SOCIALIST COUNTRIES SINCE THEY CONDUCT PURCHASES AND SALES THROUGH CENTRALIZED ORGANIZATIONS. MOREOVER, CONCESSIONS WHICH MAY BE NEGOTIATED ARE LIKELY TO BENEFIT SOCIALIST COUNTRIES WITH NO RECEIPROCAL ADVANTAGE FOR FINNISH EXPORTS; ALSO, THERE IS A QUESTION OF HOW THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) WILL TREAT THIS MATTER. A FOREIGN OFFICE SOURCE HAS COMMENTED TO AN EMBASSY OFFICER THAT ANY CONCESSIONS SO NEGOTIATED MUST BE ON AN MFN (MOST-FAVORED- NATION) BASIS BUT MOST LIKELY THEY WOULD NOT BE BOUND IN GATT INITIALLY. ALTHOUGH NOT MENTIONED IN THE PRESS, THE REFERENCE TO MFN TREATMENT TO BE ACCORDED RAISES THE SPECTOR OF FINLAND' S 1961 EXPERIENCE WHEN FINLAND FELT OBLIGATED TO GRANT MFN TREATMENT TO RUSSIAN PRODUCTS WHEN IT ATTAINED ASSO- CIATE MEMBERSHIP IN EFTA. ALTHOUGH TARIFF NEGOTIATIONS WITH SOCIALIST COUNTRIES ARE PRESUMABLY SEPARATE FROM THE AGREE- MENT WITH THE EC AND THE SEV, KARJALAINEN SUGGESTION DOES RAISE QUESTIONS REGARDING FINNISH RELATIONS WITH EC AND OTHER COUNTRIES.

4. ON TARIFF NEGOTIATIONS WITH SOCIALIST COUNTRIES, PRIME LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HELSIN 00853 030859 Z

MINISTER KALEVI SORSA, FOREIGN MINISTER JUSSI LINNAMO, AND

OTHERS IN THE GOVERNMENT REPORTEDLY HAVE GENERALLY GIVEN A FAVORABLE NOD TOWARD LOOKING INTO THIS QUESTION. WITH RESPECT TO THE AGREEMENT FOR COOPERATION IN ECONOMIC AND SCIENTIFIC-TECHNICAL MATTERS WITH COMECON COUNTRIES, ALL GOVERNMENT LEADERS HAVE BEEN CAREFUL TO PLACE ON RECORD THE FACT THAT THIS AGREEMENT IS QUITE SEPARATE FROM THE EC AGREEMENT. THEIR REITERATION OF THIS POINT IN FACT HAS RAISED SOME QUESTIONS AS TO WHETHER THIS STATEMENT MIGHT BE HIDING A MOVE TO MAKE THE EC AGREEMENT AND THE COMECON AGREEMENT A PACKAGE. INFORMATION FROM BUSINESS SOURCES WOULD INDICATE THAT THE WAY IS NOW CLEAR TO SIGN THE EC AGREEMENT AND THEY HAVE NOW EASED UP ON EARLIER EFFORTS TO PLACE AN ARTICLE IN THE PRESS ALMOST EVERY OTHER DAY POINTING TO DANGERS TO FINNISH INDUSTRIES OF NOT SIGNING THE EC AGREEMENT. ONE BUSINESS SOURCE HAS COMMENTED TO AN EMBASSY OFFICER THAT " TOO MUCH PRESSURE" ON THE EC AGREEMENT ISSUE MIGHT NOW BE COUNTERPRODUCTIVE.

5. ON INTERNAL POLITICS, THE SOCIAL DEMOCRATIC PARTY HAD INITIALLY INSISTED ON PASSAGE OF CERTAIN DOMESTIC ECONOMIC MEASURES BEFORE AGREEING TO SUPPORT THE EC AGREEMENT BUT RECENT INDICATIONS ARE THAT THIS CONDITION HAS NOW BEEN DROPPED. THUS, THE WAY IS CLEAR ON THIS ISSUE FOR A FAVORABLE DECISION. PASSAGE OF SPECIAL ECONOMIC POWER ACT ON MARCH 29 (SEE SEPTTEL) CLEARED THE WAY FOR WAGE NEGOTIATIONS BUT BECAUSE THERE WERE SHARP INCREASES IN PRICES OF MANY COMMODITIES BEGINNING ON APRIL 1, LABOR MAY INSIST ON SHARPER WAGE INCREASES THAN INDUSTRIES MAY BE WILLING TO GRANT. IF THIS SHOULD BE THE CASE, WAGE NEGOTIATIONS AND THE GOVERNMENT'S ROLE MAY BECOME A PRIORITY ITEM DELAYING FURTHER THE EC AGREEMENT DECISION.

WHITE

LIMITED OFFICIAL USE

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 02 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973HELSIN00853
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730430/aaaahjks.tel
Line Count: 150
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 HELSINKI 289, AND (B) HELSINKI 699
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Aug-2001 by shawdg>; APPROVED <19-Sep-2001 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971117
Subject: FINNISH SIGNING OF EC AGREEMENT ANTICIPATED IN EARLY SUMMER.
TAGS: ECON, FI, EEC
To: COPENHAGEN
EC BRUSSELS
EUR
OECD PARIS
OSLO
SECSTATE WASHDC
STOCKHOLM

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005